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C O N F I D E N T I A L KINSHASA 000219

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TAGS: [EMIN](#) [ETRD](#) [PGOV](#) [ZI](#) [CG](#)

SUBJECT: ZIMBABWEAN DIAMOND TRADE DEMONSTRATES POROUS DRC
BORDERS

REF: KINSHASA 57

Classified By: EconOff W. Brafman for reasons 1.4 b/d.

¶1. (C) Summary. The recent illegal movement of Zimbabwean diamonds through the DRC demonstrates the GDRC's lack of control over its borders. For several weeks, reports have circulated in Kinshasa about the smuggling of unique Zimbabwean diamonds, setting off a flurry of interest in the Zimbabwean diamond sector. The GDRC is investigating this diamond trade and has halted any attempted export. End summary.

¶2. (C) For at least several weeks, distinctive diamonds, primarily industrial-grade, have been illegally making their way through the DRC from Zimbabwe (reftel), although the quantity cannot be determined. These gems are easily identifiable; several of Econoffs' diamond sector contacts have described them as the color of brown beer-bottle glass. A Lebanese businessman told EconCouns that initially the buyers, reportedly mainly Chinese, Pakistani and Indians, were purchasing large quantities of these stones for about USD one per carat in Zimbabwe. The gemstones were then smuggled into the DRC and sold in one kilo parcels for about USD 10 per carat. (Note: At five carats/gram, a one kilo packet would be worth about USD 50,000. End note.) The stones were then reportedly being re-exported to India, China, Pakistan and Antwerp. (Note: Contacts have told EconOffs thousands of carats from various source countries are smuggled into the DRC every year in addition to the Zimbabwean diamonds. End note.)

¶3. (C) After GDRC officials became aware of the Zimbabwean diamonds, the CEEC (the DRC's diamond evaluating and export agency) began investigating. The World Diamond Council is also reportedly investigating this diamond flow. During the recent Indaba Mining Conference in South Africa, Paul Mabolia, the GDRC's Kimberley Process counselor, met with a CEEC representative, the head of the South African diamond board, and the Zimbabwean Ministry of Mines official with diamond exploitation oversight, to discuss the problem. As a result, the GDRC agreed to seize any Zimbabwean diamonds it comes across and prohibit their export.

¶4. (C) The recent Zimbabwe diamond finds have also created a small "diamond rush." Mabolia told EconOff diamond traders in the DRC have complained that many of their buyers have gone to Zimbabwe in search of higher profits. Deboutte told EconOff a business person approached him with a proposal that DGI invest in a diamond mine in Zimbabwe, but the company declined.

¶5. (C) Comment. The trade of Zimbabwean diamonds highlights the porosity of the DRC's borders, although it is no secret

that many diamonds are smuggled in and out every year. Until the GDRC can better control its borders, neither the Kimberley process nor any other traceability or certification scheme can effectively prevent illegal trade. End comment.

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